

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 COME-00 CIAE-00 EB-08  
FRB-03 INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02  
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
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R 071546Z MAR 78  
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TO SECSTATE WASHDC 259  
INFO AMEMBASSY ABU DHABI  
AMEMBASSY JIDDA  
AMEMBASSY KUWAIT  
AMEMBASSY OTTAWA  
AMEMBASSY PARIS

C O N F I D E N T I A L TUNIS 1697

USOECD

DEPT PASS AID AND COMMERCE

E.O.11652:GDS  
TAGS: EAID BENC TS SA CA  
SUBJ: SAUDIS AGREE TO HELP FINANCE SIDI SAAD/BOURGUIBA  
DAM IN TUNISIA

REF: 77 TUNIS 6280, 77 TUNIS 5006

1. (BEGIN LIMITED OFFICIAL USE) IN WHAT APPEARS TO  
BE LONG ANTICIPATED BREAKTHROUGH ON AID TO TUNISIA,  
SAUDI GOVERNMENT HAS CONFIRMED TO CANADIANS ITS AGREE-  
MENT IN PRINCIPLE TO PARTICIPATE IN LONG-TERM CONCES-  
SIONAL FINANCING FOR SIDI SAAD ("BOURGUIBA") DAM  
PROJECT. ACCORDING TO CANADIAN EMBASSY COUNDELOR  
LAVERDURE, SAUDIS HAVE AGREED TO PROVIDE UNSPECIFIED  
AMOUNT OF FUNDING IN 50 TO 150 MILLION DOLLAR RANGE, OFFERING  
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EITHER 20 YEARS AT 3.5 PERCENT INTEREST OR FOR  
25 YEARS AT 4 PERCENT. SAUDIS EXPECTED TO ATTEND  
NEXT MEETING WITH CANADIANS AND TUNISIANS OF PRO-  
JECT MANAGEMENT COMMITTEE TO BE HELD IN OTTAWA ON OR  
ABOUT APRIL 15.

2. LAVERDURE SAID TOTAL COST FOR DAM PROJECT NOW

ESTIMATED AT ABOUT \$200 MILLION WITH SOMETHING OVER \$100 MILLION IN FOREIGN EXCHANGE COSTS. WHETHER SAUDIS WILL GO BEYOND \$50 MILLION LOAN DEPENDS ON WHETHER THEY ARE WILLING TO HELP FINANCE LOCAL CURRENCY COSTS OF CONSTRUCTION. (CANADIAN CONTRIBUTION, THROUGH CIDA, SET AT \$55 MILLION TO COVER FOREIGN EXCHANGE COSTS OF CONSTRUCTION AND RELATED COSTS. TERMS ARE 50 YEARS, INTEREST FREE, AND TEN YEARS OF GRACE ON REPAYMENT. CANADIAN CONTEXT OF WORK FINANCED TO BE LESS THAN 66 PERCENT. LAVERDURE SAID BIDS ON CONSTRUCTION TO BE OPENED PRIVATELY ON MARCH 13 IN TUNIS AT MINISTRY OF EQUIPMENT IN PRESENCE OF CIDA REPRESENTATIVE. HE WAS NOT FAMILIAR WITH FULL LIST OF BIDDERS BUT SAID THAT, APART FROM FIVE CANADIAN FIRMS (WE ASSUME ONE OF THESE TO BE GROUP INCLUDING MORRISON-KNUDSON), THERE IS YUGOSLAV-TUNISIAN GROUP AND ITALIAN FIRM WHICH LOST CONTRACT (TO YUGOSLAVS) FOR WEST GERMAN-FINANCED SIDI SALEM DAM. LAVERDURE SUGGESTED POSSIBILITY THAT CANADIAN CONTENT RULES MAY NOT BE REGIDLY ENFORCED. ENGINEERING ALREADY HAS BEEN DONE BY MONTREAL FIRM OF SURVEYER, NENIGER ANTLQHENEVERT, WHICH HAS SEVERAL ENGINEERS ON SITE. (END LIMITED OFFICIAL USE)

3. (BEGIN CONFIDENTIAL) HABIB BOURGUIBA JR.,  
PRESIDENT OF TUNISIAN INDUSTRIAL DEVELOPMENT BANK,  
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(AND SPECIAL COUNSELOR TO THE PRESIDENT), HAS JUST RETURNED FROM SAUDI ARABIA WHERE HE WAS LEADING ADVANCE PARTY FOR VISIT END OF THIS MONTH OF TUNISIAN PRIME MINISTER HEDI NOUIRA AT INVITATION OF CROWN PRINCE FAHD. WE UNDERSTAND THAT SAUDI AID FOR DAM IS TO BE EXTENDED THROUGH SAUDI DEVELOPMENT FUND. HOWEVER, GOT STILL APPARENTLY HOPES TO ARRANGE "DIRECT" CREDIT FROM SAUDI GOVERNMENT--PRESUMABLY LARGER THAN \$50 MILLION AND ON BETTER TERMS THAN DESCRIBED IN PARAGRAPH ONE ABOVE--ON BASIS OF REPORTED SAUDI COMMITMENT LAST SPRING AND FACT THAT DAM PROJECT WILL PROTECT HOLY CITY OF CAIROUAN FROM FLOODS. WE EXPECT NOUIRA ALSO WILL BE EXPLORING POSSIBLE CREDITS FOR MILITARY EQUIPMENT. END CONFIDENTIAL)

4. (BEGIN UNCLASSIFIED) TO DATE, SAUDIS HAVE PROVIDED ONLY ECONOMIC ASSISTANCE TO TUNISIA AND THIS, BILATERALLY IN MODEST AMOUNTS THROUGH SAUDI FUND. TUNISIAN NATIONAL ASSEMBLY ON FEBRUARY 10 RATIFIED AGREEMENTS OF NOVEMBER 18, 1977 WITH SAUDI FUND FOR FINANCING OF POTABLE WATER PROJECT FOR THE SAHARA AND CAP BON REGIONS AND OF NATIONAL ENGINEERING SCHOOL IN

GABES. (END UNCLASSIFIED) MULCAHY

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCIAL CONTRIBUTIONS, DAMS  
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**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Reference:** 77 TUNIS 6280, 77 TUNIS 5006  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014